

Department of Education

	FY 2011 ACTUAL	FY 2012 ESTIMATE	FY 2013 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	192.5	192.5	192.5
Personal Services	4,529,400	4,486,700	4,486,700
Employee Related Expenditures	1,988,500	1,955,700	1,955,700
Professional and Outside Services	179,900	1,374,200	174,200
Travel - In State	7,800	7,100	7,100
Travel - Out of State	7,800	7,800	7,800
Other Operating Expenditures	1,637,300	1,020,800	1,020,800
Equipment	101,900	72,900	72,900
OPERATING SUBTOTAL	8,452,600	8,925,200	7,725,200
SPECIAL LINE ITEMS			
Formula Programs			
Basic State Aid	3,032,088,200	3,061,676,600	3,082,189,600
Additional State Aid	414,716,400	351,525,000	303,188,200
Special Education Fund	35,242,100	33,242,100	33,242,100
Other State Aid to Districts	588,700	983,900	983,900
Non-Formula Programs			
Accountability and Achievement Testing	7,254,600	10,217,400	10,217,400
Arizona Structured English Immersion Fund	8,790,400	4,791,400	4,791,400
English Learner Administration	4,063,900	7,958,200	7,958,200
School Safety Program	1,291,500	0	0
State Block Grant - Vocational Education	11,503,900	11,492,700	11,492,700
Teacher Certification	1,798,100	1,781,200	1,781,200
State Board of Education			
State Board of Education	907,500	894,300	894,300
AGENCY TOTAL	3,526,697,900	3,493,488,000^{1/}	3,464,464,200
FUND SOURCES			
General Fund	3,487,765,200	3,436,528,700	3,408,704,900
<u>Other Appropriated Funds</u>			
Education Learning and Accountability	0	1,200,000	0
Permanent State School Fund	32,497,100	46,475,500	46,475,500
Proposition 301 Fund	4,134,900	7,000,000	7,000,000
Teacher Certification Fund	2,300,700	2,283,800	2,283,800
SUBTOTAL - Other Appropriated Funds	38,932,700	56,959,300	55,759,300
SUBTOTAL - Appropriated Funds	3,526,697,900	3,493,488,000	3,464,464,200
Other Non-Appropriated Funds	432,504,500	443,885,400	443,885,400
Federal Funds	1,325,216,000	1,199,433,400	1,199,433,400
TOTAL - ALL SOURCES	5,284,418,400	5,136,806,800	5,107,783,000

AGENCY DESCRIPTION — The Department of Education (ADE) is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 2013 it is anticipated that the department will oversee 238 school districts, accommodation districts and Joint Technological Education Districts and approximately 400 charter schools in their provision of public education from preschool through grade 12.

^{1/} In addition to these amounts, a total of \$329,700 GF and \$64,900 OF is appropriated in FY 2012 for costs associated with an additional pay period.

Summary

ADE's FY 2013 General Fund Baseline spending would decrease by \$(27,823,800), or (0.8)%. The Baseline includes:

- A base decrease of \$(57,827,800) for lower than projected formula costs for FY 2012.
- An increase of \$51,118,800 for 0.4% Average Daily Membership (ADM) growth plus special education growth in FY 2013.
- A decrease of \$(39,000,000) for new restrictions on Homeowner's Rebate.
- An increase of \$35,000,000 to replace one-time federal monies.
- A decrease of \$(22,571,000) for property taxes from new construction.
- A decrease of \$(8,102,300) for continued Career Ladder phase out.
- An increase of \$7,244,600 for 1.7% inflator.
- An increase of \$4,800,000 for business personal property depreciation change.
- A decrease of \$(5,000,000) to eliminate one-time Student Accountability Information System (SAIS) replacement monies.
- An increase of \$6,513,900 for other formula issues.

Operating Budget

The Baseline includes \$7,725,200 and 97 FTE Positions in FY 2013 for the operating budget. These amounts consist of:

	FY 2013
General Fund	\$7,591,300
Teacher Certification Fund	133,900

FY 2013 adjustments would be as follows:

Eliminate One-Time Funding OF (1,200,000)

The Baseline includes a decrease of \$(1,200,000) from the Education Learning and Accountability Fund in FY 2013 in order to eliminate one-time funding for a new education data system. Laws 2011, Chapter 29 appropriated an estimated \$1,200,000 in new fee revenue from the Education Learning and Accountability Fund in FY 2012 for a new data system to collect, compile, maintain and report student level data for students attending public preschool, K-12 and postsecondary educational programs in the state pursuant to A.R.S. § 15-249. The estimated \$1,200,000 amount is being generated by a \$6 per Full Time Student Equivalent (FTSE) transfer that Chapter 29 requires community colleges and universities to make on a one time basis in FY 2012. Chapter 29 requires community colleges and universities to deposit those fee revenues into the newly-created Education Learning and Accountability Fund (A.R.S. § 15-249.02), which it also established, on or before December 1, 2011.

The new data system also is being funded in FY 2012 with a \$5,000,000 appropriation to Basic State Aid funding that

the department is required to transfer into the Education Learning and Accountability Fund in FY 2012 pursuant to a footnote in the General Appropriation Act. (See SAIS Replacement policy issue under Basic State Aid for a related discussion.)

Formula Programs

Basic State Aid

The Baseline includes \$3,082,189,600 in FY 2013 for Basic State Aid. This amount consists of:

General Fund	3,035,714,100
Permanent State School Fund	46,475,500

The \$3,082,189,600 total does not include \$86,280,500 in "additional school day" funding from Proposition 301 that will be allocated through Basic State Aid in FY 2013 because those monies are non-appropriated (see Table 1). It also excludes local property taxes that will help fund K-12 formula costs for FY 2013, as they also are non-appropriated.

The \$3,082,189,600 appropriated total includes a net General Fund increase of \$20,513,000 and no change from the Permanent State School Fund for FY 2013. FY 2013 adjustments are as follows:

Table 1

FY 2013 Basic State Aid Formula Summary

General Fund	
FY 2012 Appropriation	\$3,015,201,100
Base Adjustment	(44,445,700)
Enrollment Growth @ 0.9%	51,118,800
1.7% Inflator	7,244,600
Property Taxes - New Construction	(22,571,000)
Property Taxes - Business Personal Property	4,800,000
CORL (replace "EduJobs" monies)	35,000,000
JTED QTR Offset	2,468,600
Career Ladder Phase Out	(8,102,300)
SAIS Replacement	(5,000,000)
FY 2013 Baseline	3,035,714,100
Permanent State School Fund (no change)	46,475,500
Prop 301 Sales Tax (no change) ^{1/}	86,280,500
Local Property Taxes ^{1/}	
FY 2012 Base	2,292,576,300
Property Taxes from New Construction	22,571,000
FY 2013 Estimated ^{2/}	2,315,147,300
Grand Total (all sources) ^{3/}	\$5,483,617,400

^{1/} Non-appropriated, so excluded from appropriated totals.

^{2/} An estimated \$294,325,200 of this total will be funded by the state through the Homeowner's Rebate.

^{3/} Statutory formula cost would be approximately \$275,000,000 higher without the Soft Capital, CORL, charter school Additional Assistance and JTED reductions that are assumed to continue in the budget on a session law basis.

Base Adjustment **GF (44,445,700)**

The Baseline includes a decrease of \$(44,445,700) from the General Fund in FY 2013 in order to adjust the program's base budget for a projected FY 2012 surplus due to lower than projected enrollment growth from FY 2011. Payment data available from the department as of November 2011 indicate a (1.2)% decline in the statewide ADM count for FY 2011. (On a "weighted" ADM basis, the statewide count declined by (0.8)%, with the difference being due to growth in special education "Group B" counts.) That decline will affect formula costs for non-growing districts for FY 2012, since their formula costs are based on prior year ADM. The FY 2012 budget assumed 0.9% (positive) ADM growth for FY 2011.

Enrollment Growth **GF 51,118,800**

The Baseline includes an increase of \$51,118,800 from the General Fund in FY 2013 for enrollment growth. This assumes that total K-12 formula costs will increase by approximately 0.9% in FY 2013 due to 0.4% ADM growth for K-12 students as a whole (*see Table 2*) and 3.7% ADM growth for students in special education (*see Table 3*). Both types of growth affect formula costs, as special education students receive "add on" funding in addition to the formula monies that they receive for being part of the overall K-12 student population.

Table 2**K-12 ADM (unweighted) ^{1/}**

Fiscal Year	Districts	Charters	Total	Change	% Change
2008	947,396	93,851	1,041,247	15,542	1.5%
2009	941,138	101,145	1,042,283	1,036	0.1%
2010	935,845	110,821	1,046,666	4,383	0.4%
2011	913,882	120,173	1,034,055	(12,611)	(1.2)%
2012 est	911,920	129,449	1,041,369	7,314	0.7%
2013 est	909,421	136,408	1,045,829	4,460	0.4%

^{1/} Actuals for FY 2008 through FY 2011 are from ADE payment data.

Table 3**Special Education ADM (unweighted) ^{1/}**

Fiscal Year	Districts	Charters	Total	Change	% Change
2008	14,383	498	14,881	930	6.7%
2009	15,182	588	15,770	889	6.0%
2010	15,461	734	16,195	425	2.7%
2011	16,240	928	17,168	973	6.0%
2012 est	16,804	1,068	17,872	704	4.1%
2013 est	17,359	1,175	18,534	662	3.7%

^{1/} Actuals for FY 2008 through FY 2011 are from ADE payment data. Excludes "Group B" category that only receives funding weight of 0.003 (100,264 additional students for FY 2011).

1.7% Inflation Adjustment **GF 7,244,600**

The Baseline includes an increase of \$7,244,600 from the General Fund in FY 2013 for a 1.7% inflation increase in the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school "Additional Assistance" amounts prescribed in A.R.S. § 15-185B. It does not include a 1.7% increase in the "base level" prescribed in A.R.S. § 15-901B2, which would remain in FY 2013 at the

FY 2012 level of \$3,267.72. Funding a 1.7% increase in the base level for FY 2013 would cost an additional estimated \$74,388,400 for a total inflation adjustment of \$81,633,000.

A.R.S. § 901.01 (established by Proposition 301) requires the Legislature to increase the "base level or other components of the Revenue Control Limit" (RCL) by 2% or by the change in the GDP price deflator for the most recent prior calendar year, whichever is less. The projected FY 2013 adjustment is 1.7%, which equals the currently projected GDP price deflator for calendar year 2011. A.R.S. § 15-901.01 prohibits the Legislature from setting a base level that is lower than the FY 2002 base level of \$2,687.32.

Prior to FY 2011, the base level, transportation and charter additional assistance levels all were increased annually for inflation. In FY 2011 and FY 2012, only the latter 2 items were increased for inflation. The FY 2013 Baseline continues the policy of the prior 2 years.

A lawsuit was filed with the State Supreme Court in August 2010 contending that the state must also increase the base level annually for inflation. The Supreme Court declined special-action jurisdiction over the case in September 2010 and it was refiled in Maricopa County Superior Court in October 2010. The Maricopa County Superior Court dismissed the lawsuit in February 2011, finding that the inflation adjustment provision in Proposition 301 "is not self-executing." That ruling is being appealed, with oral arguments anticipated in fall 2011.

Property Taxes from New Construction **GF (22,571,000)**

The Baseline includes a decrease of \$(22,571,000) from the General Fund in FY 2013 due to a projected 1.4% increase in statewide Net Assessed Value (NAV) from new construction in FY 2013. This will increase local property tax revenues from the K-12 "Qualifying Tax Rate" (QTR) and State Equalization Tax Rate (SETR) by an estimated \$22,571,000 in FY 2013. It also will decrease state costs by \$(22,571,000), since QTR and SETR revenues offset state formula costs on a dollar for dollar basis.

Statewide NAV for property already on the tax rolls ("existing property") is expected to decrease by (9.6)% in FY 2013, resulting in a net (8.2)% NAV decline for new construction and existing property combined for FY 2013.

The projected (9.6)% NAV decline for existing property will not affect net QTR or SETR collections in FY 2013, however, because A.R.S. § 41-1276 (the "Truth in Taxation" or "TNT" law) requires the QTR and SETR to be adjusted each year in order to offset NAV changes for existing properties. As a result, the QTR will increase to an estimated \$3.91 (from \$3.54 currently) and the SETR

will increase to \$0.47 (from \$0.43 currently) in FY 2013 in order to offset the estimated (9.6)% NAV decrease for existing property (see Table 4).

Table 4			
TNT Tax Rates			
Tax Rate		FY 2012	FY 2013
Qualifying Tax Rate (QTR)			
• High School districts and elementary districts located within a high school district		\$1.7682	\$1.9560
• Unified districts and elementary districts not located within a high school district		\$3.5364	\$3.9120
• State Equalization Tax Rate (SETR)		\$0.4259	\$0.4711

Business Personal Property GF 4,800,000

The Baseline includes an increase of \$4,800,000 from the General Fund in FY 2013 in order to offset an anticipated reduction in K-12 QTR tax collections for FY 2013 due to tax law changes pertaining to business personal property. Laws 2011, 2nd Special Session, Chapter 1 modifies the depreciation schedule for business personal property in a manner that will decrease that taxable value of such property starting in FY 2013. This change is expected to reduce K-12 QTR revenues by an estimated \$(4,800,000) in FY 2013. This will increase state costs under the K-12 formula by an estimated \$4,800,000, since QTR revenues offset state K-12 formula costs on a dollar for dollar basis.

CORL/EduJobs GF 35,000,000

The Baseline includes an increase of \$35,000,000 from the General Fund in FY 2013 in order to replace one-time federal “EduJobs” monies that are no longer available to help fund Capital Outlay Revenue Limit (CORL) formula costs for FY 2013. The General Appropriation Act for FY 2012 (Laws 2011, Chapter 24) reduced CORL funding to school districts by \$(35,000,000) in FY 2012, but authorized school districts to use a portion of their one-time federal “EduJobs” monies in order to offset the reduction. This adjustment would restore the associated \$35,000,000 in state CORL funding for FY 2013. The federal “EduJobs” law was enacted into law in August 2010 and provided states with \$10 billion in assistance to save or create education jobs for the 2010-2011 school year. (See “Federal Funds Cut/Backfill” narrative on page 87 of the FY 2012 Appropriations Report for more information.)

The K-12 Education BRB for FY 2012 (Laws 2011, Chapter 29) reduced CORL funding to school districts by an additional \$(63,864,800) for FY 2012 unrelated to “EduJobs” monies. The \$(63,864,800) reduction remains in the department’s base budget for FY 2013 (see “Continuation of Prior Year Session Law” policy issue below). This will provide school districts with an estimated \$184,085,400 in CORL funding statewide for FY 2013 versus an estimated \$247,950,200 under a fully funded CORL formula.

CORL monies originally were earmarked for capital costs only, but since 1986 school districts have been allowed to

use them also for operating costs. In FY 2010 (latest available data) schools used approximately 63% of their CORL monies for operating expenditures.

JTED QTR Offset GF 2,468,600

The Baseline includes an increase of \$2,468,600 from the General Fund in FY 2013 in order to offset a reduction in QTR revenues that Joint Technical Education Districts (JTEDs) otherwise would experience in FY 2013 due to declining property values. Property owners in JTED member districts pay an additional 5¢ QTR annually to support their JTED pursuant to A.R.S. § 15-971B3. Revenues from the 5¢ tax rate will decrease by an estimated \$(2,468,600) in FY 2013 due to the anticipated (8.2)% decline in statewide property values for the budget year. Unlike school districts’ “main” QTR, the JTED QTR is set at a flat 5¢ and does not change annually along with property values. The FY 2012 budget included first-time funding for this issue.

Career Ladder Phase Out GF (8,102,300)

The Baseline includes a decrease of \$(8,102,300) from the General Fund in FY 2013 for the second year of a 5-year phase out of Career Ladder funding required by Laws 2011, Chapter 29. Chapter 29 phases out existing Career Ladder funding over 5 fiscal years, starting in FY 2012, which would eliminate program funding by FY 2016. It also phases out state funding first, which maximizes the state savings in the initial years of the phase out. The assumed \$(8,102,300) decrease would provide Career Ladder districts with an estimated \$42,643,300 in total program funding for FY 2013. That total includes an estimated \$7,232,800 in state funding and \$35,410,500 from local property taxes. A total of 28 school districts participate in the Career Ladder program. (See “Other Issues for Legislative Consideration” for more information.)

SAIS Replacement GF (5,000,000)

The Baseline includes a decrease of \$(5,000,000) from the General Fund in FY 2013 in order to eliminate one-time funding that was appropriated to Basic State Aid in FY 2012 to help fund a new statewide data system for public preschool, K-12 and postsecondary educational programs pursuant to A.R.S. § 15-249. A footnote in the General Appropriation Act required the department to transfer the \$5,000,000 appropriated amount from Basic State Aid to a new Education Learning and Accountability Fund (ELAF) established by Laws 2011, Chapter 29. Chapter 29 also required Arizona community colleges and universities to \$6 per Full Time Student Equivalent (FTSE) student to the ELAF on a one-time basis by December 1, 2011. The latter requirement will provide an estimated \$1,200,000 in funding for the new data system for FY 2012 in addition to the \$5,000,000 amount provided through Basic State Aid. As of December 2011, the department has not announced an estimate of how much it will cost to fully develop and implement the new data system.

The Baseline includes no change from the Permanent State School Fund in FY 2013 for endowment earnings funding for Basic State Aid. This assumes no change in debt service costs for State School Trust Revenue Bonds and Qualified Zone Academy Bonds (QZABs) that were issued by the School Facilities Board (SFB) in prior years in order to fund deficiencies correction in public schools, which would remain at \$25,787,500 for FY 2013. This leaves the amount of land trust monies available to fund Basic State Aid in FY 2012 at \$46,475,500 (unchanged). A.R.S. § 37-521 caps the amount of K-12 endowment earnings that may be used for SFB debt service and Basic State Aid combined at the FY 2001 level of endowment earnings, which was \$72,263,000.

The Baseline includes no change from the General Fund in FY 2013 for the K-12 rollover. This continues to defer \$952,627,700 of current year (now FY 2013) state aid payments until the following fiscal year (now FY 2014). As a result, the 12 monthly payments that school districts will receive in FY 2013 under the budget will again consist of approximately 4.5 months of deferred payments from the prior year and 7.5 (rather than 12) payments from the current year. Laws 2011, Chapter 24 advance appropriated \$952,627,700 from the General Fund in FY 2013 in order to fund the \$952,627,700 deferred obligation from FY 2012. Those monies therefore will not appear in the FY 2013 General Appropriation Act. That Act, however, would be expected to advance appropriate \$952,627,700 from the General Fund in FY 2014 in order to fund the deferred FY 2013 obligation.

As a result of existing rollovers, the Baseline would continue to include a total deferred obligation of \$952,627,700 for FY 2013. That amount includes \$272,627,700 for the original FY 2008 rollover, \$330,000,000 for the additional FY 2009 rollover and \$350,000,000 for the additional FY 2010 rollover.

The FY 2013 Baseline would continue the following session law changes from FY 2012 (*see “Statutory Changes” section for more information*):

- Soft Capital - Continue a Soft Capital funding reduction of \$(188,120,700) for state aid districts and continue to reduce local Soft Capital funding for non-state aid districts accordingly.

- CORL - Continue a CORL funding reduction of \$(63,864,800) for state aid districts and continue to reduce local CORL funding to non-state aid districts accordingly.
- Charter School Additional Assistance - Continue a charter school Additional Assistance funding reduction of \$(17,656,000).
- Retirement Contributions - Continue a retirement contribution funding reduction of \$(32,714,800) for a permanent funding shift required by Laws 2011, Chapter 26.
- Joint Technological Education Districts - Fund state aid for JTEDs at 91% of the amount that otherwise would be provided by law.
- Early Graduation Scholarship Program - Suspend new funding for the program, but allow current participants to continue to receive scholarships to the extent permitted by existing fund balances.

The Baseline includes \$303,188,200 from the General Fund in FY 2013 for Additional State Aid (ASA). FY 2013 adjustments would be as follows:

The Baseline includes a decrease of \$(13,382,100) from the General Fund in FY 2013 in order to adjust the program's base budget to align with actual reported costs for FY 2012. The program is projected to be overfunded in FY 2012 due to higher than assumed savings for statutory changes that limit the Homeowner's Rebate to QTR funding only starting in FY 2012 and other technical factors.

The Baseline includes an increase of \$2,045,300 from the General Fund in FY 2013 for projected changes in “1% Cap” costs. This pertains to Article IX, Section 18 of the State Constitution, which limits Class 3 primary property taxes to no more than 1% of a home’s full cash value. State costs for funding homeowners’ primary property taxes above the 1% cap are expected to increase by \$2,045,300 in FY 2013 (to a total of \$8,863,000) under current JLBC Staff estimates due to a rising QTR (*see Table 4*) and declining property values.

The Baseline includes a decrease of \$(39,000,000) from the General Fund in FY 2013 due to new restrictions on Homeowner's Rebate funding pursuant to Laws 2011, 2nd Special Session, Chapter 1. This law limits the Homeowners' Rebate to the primary residence of in-state residents only and requires homeowners to submit an affidavit that a home is their primary residence. These changes will take effect starting in FY 2013 and are expected to reduce program costs by approximately \$(39,000,000).

Reimburse Counties GF 2,000,000

The Baseline includes an increase of \$2,000,000 from the General Fund in FY 2013 for county reimbursements associated with Laws 2011, 2nd Special Session, Chapter 1. This law requires the state to reimburse the costs incurred in 2012 by county assessors in reclassifying residential property as Class 4 if it is not the owner's primary residence. At the time of enactment, those costs were estimated at \$2,000,000 for FY 2013. The final cost is uncertain and has not yet been determined. Laws 2011, 2nd Special Session, Chapter 1 requires the Department of Revenue to prescribe record keeping and reporting requirements for counties for this issue in order to establish required reimbursement amounts.

Special Education Fund

The Baseline includes \$33,242,100 and 1 FTE Position from the General Fund in FY 2013 for the Special Education Fund Special Line Item. These amounts are unchanged from FY 2012.

The Special Education Fund provides funding for special education costs of students from 1) Arizona State Schools for the Deaf and the Blind, 2) Arizona State Hospital (ASH), or 3) developmentally disabled programs operated by DES [A.R.S. § 15-1202]. It also funds costs of residential education for students who require a private residential special education placement, or who are placed in a residential education facility by a state placing agency.

Other State Aid to Districts

The Baseline includes \$983,900 from the General Fund in FY 2013 for Other State Aid to Districts. This amount is unchanged from FY 2012.

This amount includes \$880,200 (unchanged) for Certificates of Educational Convenience pursuant to A.R.S. § 15-825 and \$103,700 (unchanged) for Assistance to School Districts for Children of State Employees (ASDCSE) pursuant to A.R.S. § 15-976.

Non-Formula Programs**Accountability and Achievement Testing**

The Baseline includes \$10,217,400 and 3 FTE Positions in FY 2013 for Accountability and Achievement Testing. These amounts consist of:

General Fund	3,217,400
Proposition 301 Fund	7,000,000

These amounts are unchanged from FY 2012.

This Special Line Item funds costs of developing, administering and scoring achievement tests required by A.R.S. § 15-741. The Proposition 301 amount of \$7,000,000 for Achievement Testing is from the "up to \$7 million" allowable appropriation for School Accountability in A.R.S. § 42-5029E7.

Table 5 shows current achievement testing costs by year under the current 5-year contract. The state typically funds approximately 55% of annual testing costs and federal monies typically fund about 45% of those costs.

Table 5
Current Achievement Testing
Contract Cost by Year

<u>Fiscal Year</u>	<u>Contract Cost</u>
FY 2010	\$11,833,200
FY 2011	13,487,600
FY 2012	15,001,000
FY 2013	13,652,300
FY 2014	<u>14,243,100</u>
Total	\$68,217,200

Arizona Structured English Immersion Fund

The Baseline includes \$4,791,400 from the General Fund in FY 2013 for the Arizona Structured English Immersion Fund. This amount is unchanged from FY 2012.

The Baseline amount reflects continuation of a \$(4,000,000) FY 2012 General Fund transfer to the English Learner Administration program (*see English Learner Administration narrative below for more information*).

The Arizona Structured English Immersion Fund was established by Laws 2006, Chapter 4 (A.R.S. § 15-756.04). Monies in the fund are distributed to school districts based on amounts that they request pursuant to A.R.S. § 15-756.04C.

English Learner Administration

The Baseline includes \$7,958,200 and 24.5 FTE Positions from the General Fund in FY 2013 for English Learner Programs. These amounts are unchanged from FY 2012.

The Baseline amount reflects continuation of a \$4,000,000 FY 2012 General Fund transfer from the Arizona Structured English Immersion Fund, as requested by the department and approved by Executive in October 2011. That transfer is intended to fund first-year (FY 2012) costs of developing a new test for determining whether a student is an "English learner" who must be educated through a sheltered English immersion program pursuant to A.R.S. § 15-752. The department indicates that the current test for classifying "English learners" no longer meets federal

requirements because it does not align with Arizona's most recently-adopted academic standards. The department indicates that it will cost a total of \$9,500,000 over 2 years to replace the current "AzELLA" test for identifying "English learners."

The English Learner Administration program was originally authorized by Laws 2006, Chapter 4 in order to address the *Flores v. State of Arizona* litigation. The lawsuit was filed in federal court in 1992 by parents of children enrolled in the Nogales Unified School District. Litigation in the case has been ongoing. The timeline for final resolution in the case in district court is unknown at the time of this writing. (*See FY 2011 Appropriations Report for additional history of this issue.*)

The SLI funds costs associated with implementing the English Language Education requirements in A.R.S. § 15-751 through 15-757. Those requirements pertain primarily to additional testing, teacher training and instructional services prescribed for English Learners.

State Block Grant for Vocational Education

The Baseline includes \$11,492,700 and 31 FTE Positions from the General Fund in FY 2013 for the State Block Grant for Vocational Education. These amounts are unchanged from FY 2012.

The program provides block grants to school districts and charter schools that have Career and Technical Education (CTE) programs. CTE programs also currently receive approximately \$25,000,000 in federal funding annually pursuant to the Carl D. Perkins Vocational and Technical Education Act of 2006. Those monies are subject to a federal "maintenance of effort" (MOE) provision that requires a state to continue to spend at least as much on CTE in a given fiscal year as it did in the prior fiscal year.

Teacher Certification

The Baseline includes \$1,781,200 and 27 FTE Positions from the Teacher Certification Fund in FY 2013 for Teacher Certification. These amounts are unchanged from FY 2012.

The program processes applications for teacher and administrator certification, including certification renewal. It is funded through fees paid by certification applicants pursuant to A.R.S. § 15-531.

State Board of Education

State Board of Education

The Baseline includes \$894,300 and 9 FTE Positions in FY 2013 for the State Board of Education. These amounts consist of:

General Fund	525,600
Teacher Certification Fund	368,700

These amounts are unchanged from FY 2012.

The 11-member State Board of Education establishes programs, initiates policies and enforces laws and regulations relating to schools and the educational development of the individual child as provided in A.R.S. § 15-203. The board members other than the Superintendent of Public Instruction are appointed by the Governor for 4-year terms.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Operating Budget

The operating lump sum appropriation includes \$291,100 and 4 FTE Positions for average daily membership auditing and \$200,000 and 2 FTE Positions for information technology security services.

Basic State Aid

The above appropriation provides basic state support to school districts for maintenance and operations funding as provided by A.R.S. § 15-973, and includes an estimated \$46,475,500 in expendable income derived from the Permanent State School Fund and from state trust lands pursuant to A.R.S. § 37-521B for FY 2013.

The portion of the above appropriation for basic state aid for charter school additional assistance pursuant to A.R.S. § 15-185B4 includes a \$17,656,000 reduction.

Receipts derived from the Permanent State School Fund and any other non-state General Fund revenue source that is dedicated to fund Basic State Aid will be expended, whenever possible, before expenditure of state General Fund monies.

Except as required by A.R.S. § 37-521, all monies received during the fiscal year from national forests, interest collected on deferred payments on the purchase of state lands, the income from the investment of permanent funds

as prescribed by the Enabling Act and the Constitution of Arizona and all monies received by the Superintendent of Public Instruction from whatever source, except monies received pursuant to A.R.S. § 15-237 and 15-531, when paid into the State Treasury are appropriated for apportionment to the various counties in accordance with law. An expenditure shall not be made except as specifically authorized above.

Achievement Testing

Before making any changes to the Achievement Testing program that will increase program costs, the State Board of Education shall report the estimated fiscal impact of those changes to the Joint Legislative Budget Committee.

English Learner Administration

The appropriated amount is to be used by the Department of Education to provide English language acquisition services for the purposes of A.R.S. § 15-756.07 and for the costs of providing English language proficiency assessments, scoring and ancillary materials as prescribed by the Department of Education to school districts and charter schools for the purposes of Title 15, Chapter 7, Article 3.1, Arizona Revised Statutes. The Department of Education may use a portion of the appropriated amount to hire staff or contract with a third party to carry out the purposes of A.R.S. § 15-756.07. Notwithstanding A.R.S. § 41-192, the Superintendent of Public Instruction also may use a portion of the appropriated amount to contract with one or more private attorneys to provide legal services in connection with the case of *Flores v. State of Arizona*, No. CIV 92-596-TUC-RCC.

State Board of Education

The State Board of Education program may establish its own strategic plan separate from that of the Department of Education and based on its own separate mission, goals and performance measures.

Other

The department shall provide an updated report on its budget status every 3 months for the first half of each fiscal year and every month thereafter to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees, the Director of the Joint Legislative Budget Committee and the Director of the Governor's Office of Strategic Planning and Budgeting. Each report shall include, at a minimum, the department's current funding surplus or shortfall projections for Basic State Aid and other major formula-based programs and shall be due 30 days after the end of the applicable reporting period.

Within 15 days of each apportionment of state aid that occurs pursuant to A.R.S. § 15-973B, the department shall post on its website in an electronic format the amount of state aid apportioned to each recipient and the underlying data.

Deletion of Prior Year Footnotes

The Baseline would delete the footnote requiring the department to transfer \$5,000,000 of its Basic State Aid appropriation to the Education Learning and Accountability Fund, as that funding was one-time in nature.

STATUTORY CHANGES

The Baseline would:

- As permanent law, increase by 1.7% the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school "Additional Assistance" amounts prescribed in A.R.S. § 15-185B4.
- As permanent law, maintain at \$3,267.72 for FY 2013 the per pupil "base level" amount prescribed in A.R.S. § 15-901B2 (unchanged from FY 2012).
- As session law, continue to reduce school districts' Soft Capital funding by \$188,120,700. As session law, continue to reduce Soft Capital funding to school districts that do not receive state aid for FY 2013 by the amount that would be reduced if they did qualify for state aid for FY 2013.
- As session law, continue to reduce charter school Additional Assistance funding by \$17,656,000 below the level that otherwise would be funded pursuant to A.R.S. § 15-185B4.
- As session law, continue to reduce school district's Capital Outlay Revenue Limit (CORL) funding by \$(63,864,800). As session law, continue to reduce CORL funding to school districts that do not receive state aid for FY 2013 by the amount that would be reduced if they did qualify for state aid for FY 2013.
- As session law, continue to cap total combined statewide Soft Capital and CORL reductions for school districts with a student count of fewer than 1,100 pupils at \$5,000,000.
- As session law, continue to reduce school district and charter school retirement contribution funding by \$(32,714,800) for a permanent funding shift required by Laws 2011, Chapter 26. As session law, continue to require the department to reduce school district and charter school equalization assistance and budget limits accordingly.
- As session law, continue to fund state aid for Joint Technological Education Districts (JTEDs) in FY 2013 at 91% of the formula requirement.
- As session law, continue to suspend new funding for the early graduation program, but continue to fund existing students with available fund balances.
- As session law, continue to suspend the annual AIMS Intervention and Dropout Prevention performance audit for FY 2013.
- As session law in the General Appropriation Act, continue to defer \$952,627,700 in Basic State Aid payments for FY 2013 until FY 2014. Appropriate \$952,627,700 in FY 2014 for these deferred Basic State Aid payments. Allow the State Board of Education to make the rollover payment no later than August 29, 2013.

- As session law in the General Appropriation Act, continue to require school districts to include in the FY 2013 revenue estimates that they use for computing their FY 2013 tax rates the rollover monies that they will receive for FY 2013 in July or August 2013.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

FY 2012 Overfunding

ADE's funding formulas are overfunded by an estimated \$57,827,800 for FY 2012 under data available as of December 2012. This total consists of \$44,445,700 for Basic State Aid and \$13,382,100 for Additional State Aid (see "Base Adjustment" policy issues under Basic State Aid and Additional State Aid for more information). Any formula overfunding for these 2 programs will automatically revert to the state General Fund at the end of FY 2012. Excess funding for these 2 programs cannot be spent on other programs without JLBC review (A.R.S. § 15-901.03).

Career Ladder

Laws 2011, Chapter 29 phases out the Career Ladder program over 5 fiscal years starting in FY 2012. The program began in 1985 (planning grants) and has been authorized since 1990 by A.R.S. § 15-918 through 15-918.05. A total of 28 school districts currently participate and no new districts have been allowed to enter the program since FY 1994. Statute authorizes participating school districts to increase their per pupil "base level" funding by 5.5%, although Laws 2011, Chapter 29, sets that level at 4.0% on a session law basis for FY 2012 and phases it down to zero by FY 2016. Statute also requires participating school districts to increase their K-12 QTR by either 11¢ or 22¢ (depending on the type of district) in order to provide local funding for the program. Chapter 29, however, changes the Career Ladder QTR on a session law basis through FY 2015 to levels that will reflect the program's phase down, while eliminating state funding first. The program had been subject to a lawsuit in recent years, with plaintiffs contending that the existing cap on program participants violated the "general and uniform" in the State Constitution.

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Academic Contest Fund (EDA1006/A.R.S. § 15-1241)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To pay for sending state level winners of academic contests and their chaperons to national contests. Expenditures are not displayed to avoid double counting General Fund.		
Funds Expended	0	0
Year-End Fund Balance	20,800	20,800
Agricultural Youth Organization Special Plate Fund (EDA2547/A.R.S. § 15-791)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal Arizona agricultural youth organization special plate fee, and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue Arizona agricultural youth organization special plates, if an entity pays \$32,000 by December 31, 2010. The first \$32,000 received shall be reimbursed to the entity that paid the implementation fee to the Arizona Department of Transportation (ADOT). ADOT is to annually deposit these monies, excluding administrative fees, into the Arizona Agricultural Youth Organization Special Plate Fund for disbursement by the State Board of Education acting as the State Board for Vocational and Technological Education.		
Funds Expended	11,700	11,700
Year-End Fund Balance	0	300
American Competitiveness Project Fund (EDA2361/A.R.S. § 15-245)		Non-Appropriated
Source of Revenue: Donations, grants, gifts, contributions and devises from individuals, corporations and nonprofit organizations.		
Purpose of Fund: To fund technical assistance and distribute grants to schools and other local educational agencies that offer academic programs that emphasize foreign language acquisition, international business and world history.		
Funds Expended	0	0
Year-End Fund Balance	800	800
Assistance for Education Fund (EDA2420/A.R.S. § 15-973.01)		Non-Appropriated
Source of Revenue: State income tax refunds that are donated to the fund via a check-off box on state income tax forms pursuant to A.R.S. § 43-617.		
Purpose of Fund: To provide additional funding support for public schools.		
Funds Expended	0	0
Year-End Fund Balance	446,700	521,700

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Character Education Special Plate Fund (EDA2522/A.R.S. § 15-719)	Non-Appropriated	
Source of Revenue: \$17 of the \$25 fee for Character Education license plates.		
Purpose of Fund: To fund character education programs in schools. Not more than 10% of monies deposited in the fund annually shall be used for the cost of administering the fund.		
Funds Expended	42,000	42,000
Year-End Fund Balance	10,900	10,900
Charter Schools Stimulus (EDA1007/A.R.S. § 15-188)	Non-Appropriated	
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To encourage the establishment of charter schools by assisting with charter school start-up costs.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Classroom Site Fund (EDA2471/A.R.S. § 15-977)	Non-Appropriated	
Source of Revenue: A portion of the Proposition 301 sales tax, pursuant to A.R.S. § 42-5029E10, and Permanent State School Fund expendable earnings that exceed the FY 2001 level, pursuant to A.R.S. § 37-521B4.		
Purpose of Fund: To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases (20%); and class size reduction, AIMS intervention programs, teacher development, dropout prevention and teacher liability insurance premiums (40%).		
Funds Expended	271,846,100	290,213,500
Year-End Fund Balance	500	500
Displaced Pupils Choice Grant Fund (EDA2533/A.R.S. § 15-817.06)	Non-Appropriated	
Source of Revenue: Legislative appropriations from the state General Fund. Due to a court decision, the Legislature no longer provides funding for this program.		
Purpose of Fund: To provide qualifying displaced pupils with grants to be applied toward tuition and fees charged by nongovernmental schools. Expenditures are not displayed to avoid double counting of General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Early Graduation Scholarship Fund (EDA2364/A.R.S. § 15-105L)	Non-Appropriated	
Source of Revenue: Monies deposited into the fund by the Arizona Department of Education pursuant to A.R.S. § 15-105F & J.		
Purpose of Fund: To provide postsecondary education scholarships to individuals who graduated at least 1 year early from a public high school. <i>(See Fund PEA 2364 in the Summary of Funds for the Commission for Postsecondary Education for more information.)</i>		
Funds Expended	0	0
Year-End Fund Balance	0	0
E-Learning Fund (EDA2527/A.R.S. § 15-1044)	Non-Appropriated	
Source of Revenue: Legislative appropriations from the state General Fund.		
Purpose of Fund: To fund the e-learning pilot program established by Laws 2006, Chapter 375. Expenditures are not displayed to avoid double counting of General Fund. (Laws 2009, 1st Regular Session, Chapter 1, repealed the \$3 million appropriation for this program and reverted any unexpended monies, which equaled \$2,997,200.)		
Funds Expended	0	0
Year-End Fund Balance	0	0
Education Commodity Fund (EDA4210/A.R.S. § 15-1152)	Non-Appropriated	
Source of Revenue: Fees from school districts participating in the federal Food Commodities Program.		
Purpose of Fund: To pay for costs of administering the federal Food Commodities Program.		
Funds Expended	139,900	157,200
Year-End Fund Balance	157,200	65,100

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Education Donations Fund (EDA2025/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Grants received by the department from foundations or other private sector donors.		
Purpose of Fund: To help pay for conferences, programs or other activities that are sponsored by donor organizations.		
Funds Expended	121,800	117,000
Year-End Fund Balance	510,400	543,400
Education Learning and Accountability (EDA7777/A.R.S. § 15-249.02)		Partially-Appropriated
Source of Revenue: In FY 2012, the appropriated portion of the fund is receiving a one-time transfer of \$6 per Full-Time Student Equivalent (FTSE) from Arizona public universities and community colleges pursuant to Laws 2011, Chapter 29, Section 30. The non-appropriated portion is receiving \$5,000,000 in state General Fund monies in FY 2012 that were appropriated to Basic State Aid with the stipulation that they be transferred into the fund. Expenditures of non-appropriated monies are not displayed to avoid double counting of the General Fund.		
Purpose of Fund: To develop and implement the Education Learning and Accountability System (ELAS) pursuant to A.R.S. § 15-249.		
Appropriated Funds Expended	0	1,200,000
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	0	0
English Learner Classroom Personnel Bonus (EDA2485/A.R.S. § 15-943.04)		Non-Appropriated
Source of Revenue: General Fund appropriation from Laws 2001, 2nd Special Session, Chapter 9.		
Purpose of Fund: To provide bonuses to classroom personnel based on the number of English Learners who become proficient in English. Expenditures are not displayed to avoid double counting of General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Extraordinary Special Education Needs (EDA2483/A.R.S. § 15-774)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To provide grants for extraordinary special education costs.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Failing Schools Tutoring Fund (EDA2470/A.R.S. § 15-241)		Non-Appropriated
Source of Revenue: A portion of the 0.6% Proposition 301 sales tax, pursuant to A.R.S. § 42-5029E8 .		
Purpose of Fund: To fund tutoring for students who have not yet passed portions of the high school AIMS test or who attend “failing” schools, pursuant to A.R.S. § 15-241R, and to purchase materials designed to help students meet the Arizona Academic Standards and pass the AIMS test, pursuant to A.R.S. § 15-241CC.		
Funds Expended	1,502,300	1,500,000
Year-End Fund Balance	1,353,700	1,353,700
Federal Funds (EDA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants for programs such as Title I, Child Nutrition Assistance, Special Education and Vocational Education.		
Purpose of Fund: To be expended as stipulated by federal statutes that authorize the Federal grants.		
Funds Expended	980,801,300	1,048,563,500
Year-End Fund Balance	2,608,500	41,931,300
Federal Grants - American Recovery and Reinvestment Act (ARRA) (EDA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the Department to offset state reductions and enhance funding for programs such as Special Education and Title I.		
Funds Expended	344,414,700	150,869,900
Year-End Fund Balance	151,045,500	156,115,700

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Full-Day Kindergarten Fund (EDA2507/Laws 2004, Chapter 278)	Non-Appropriated	
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To provide eligible schools with funding for full-day kindergarten. Expenditures are not displayed to avoid double counting of General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Golden Rule Special Plate Fund (EDA2366/A.R.S. § 15-243)	Non-Appropriated	
Source of Revenue: \$17 of the \$25 fee for Golden Rule license plates.		
Purpose of Fund: To fund programs that demonstrate the promotion of the golden rule in schools and communities.		
Funds Expended	172,200	172,200
Year-End Fund Balance	18,400	21,200
Government Education Fund (EDA2362/A.R.S. § 15-246)	Non-Appropriated	
Source of Revenue: Legislative appropriations from the General Fund, gifts, grants and donations. The Legislature no longer provides funding for this program.		
Purpose of Fund: To contact with third parties to provide for annual, one-week high school civics courses that focus on state government. General Fund expenditures are not displayed to avoid double counting. No gifts, grants or donations have been reported for the fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
IGA and ISA Fund (EDA2500/A.R.S. § 35-142E)	Non-Appropriated	
Source of Revenue: Monies transferred into the fund from Federal Funds (EDA2000) and the Internal Services Fund (EDA4209).		
Purpose of Fund: Clearing account for monies expended under Intergovernmental Agreements (IGA's) and Intergovernmental Service Agreements (ISA's).		
Funds Expended	7,664,200	7,927,900
Year-End Fund Balance	410,600	208,400
Indirect Cost Recovery Fund (EDA9000/A.R.S. § 35-142)	Non-Appropriated	
Source of Revenue: Federal grants for programs such as Title I, Child Nutrition Assistance, Special Education and Vocational Education.		
Purpose of Fund: To fund overhead and other indirect costs associated with state level administration of federal programs.		
Funds Expended	3,512,000	4,832,900
Year-End Fund Balance	906,100	380,200
Instructional Improvement Fund (EDA2492/A.R.S. § 15-979)	Non-Appropriated	
Source of Revenue: Shared revenue from Indian gaming, as authorized by Proposition 202 from the 2002 General Election. The Instructional Improvement Fund receives 56% of total shared revenue from Proposition 202. This is distributed among school districts, charter schools and ASDB based on student counts.		
Purpose of Fund: To provide for classroom size reduction, teacher salary increases, dropout prevention, and instructional improvement.		
Funds Expended	49,568,400	39,300,000
Year-End Fund Balance	0	0
Internal Services Fund (EDA4209/A.R.S. § 35-142)	Non-Appropriated	
Source of Revenue: Federal indirect cost monies and intra-office fees for copier services, MIS maintenance, postage and other miscellaneous expenditures.		
Purpose of Fund: Clearing fund for federal indirect costs and miscellaneous intra-office revenues and expenditures.		
Funds Expended	3,107,000	3,984,800
Year-End Fund Balance*	1,010,400	(205,000)

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Mathematics or Science Achievement Program Fund (EDA2363/A.R.S. § 15-720.01)	Non-Appropriated	
Source of Revenue: Monies appropriated from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To promote improved pupil achievement in math or science by providing supplemental funding for innovative math or science programs. Expenditures are not displayed to avoid double counting of General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Permanent State School Fund (EDA3138/A.R.S. § 37-521)	Partially-Appropriated	
Source of Revenue: Monies received from the sale or lease of state school trust lands and investment earnings on principal balances in the fund. Under A.R.S. § 37-521, expendable earnings in the fund, up to the amount generated in FY 2001 (\$72,263,000), are automatically appropriated first to pay for debt service on State School Facilities Revenue Bonds, Qualified Zone Academy Bonds (QZAB) or State School Trust Revenue Bonds. Any remaining monies from the \$72,263,000 baseline total are then subject to appropriation to ADE to help fund Basic State Aid pursuant to A.R.S. § 15-971H. Expendable earnings beyond the \$72,263,000 baseline total from FY 2001 are automatically deposited into the Classroom Site Fund, as required by A.R.S. § 37-521B4.		
In the display below, the "Funds Expended" total equals the amount used for Basic State Aid. Not included are monies automatically appropriated into the Classroom Site Fund pursuant to A.R.S. § 37-521B4. <i>(See "State Land Trust Bond Debt Service Fund" and "School Improvement Revenue Bond Debt Service Fund" in the Summary of Funds for the School Facilities Board budget for information on other uses of expendable monies from this fund.)</i>		
Purpose of Fund: To support common schools.		
Funds Expended	32,497,100	46,475,500
Year-End Fund Balance	0	0
Production Revolving Fund (EDA4211/A.R.S. § 15-237)	Non-Appropriated	
Source of Revenue: Print shop collections from in-house and interagency publishing.		
Purpose of Fund: To fund agency print shop expenditures.		
Funds Expended	1,043,300	1,256,700
Year-End Fund Balance	842,200	771,000
Proposition 301 Fund (EDA1014/A.R.S. § 42-5029E7) (EDA 1004, 1015, 1016 & 1017/A.R.S. § 42-5029E5 & E6)	Partially-Appropriated	
Source of Revenue: A portion of the Proposition 301 sales tax pursuant to A.R.S. § 42-5029E5-7. The appropriated portion of the fund receives "up to \$7 million" monies appropriated by the Legislature pursuant to A.R.S. § 42-5029E7. The non-appropriated portion receives monies automatically appropriated by Proposition 301 for additional school days, School Safety and Character Education, plus any unspent "up to \$7 million" monies from the prior year.		
Purpose of Fund: To pay for K-12 Achievement Testing (appropriated) and additional school days, School Safety and Character Education (non-appropriated).		
Appropriated Funds Expended	4,134,900	7,000,000
Non-Appropriated Funds Expended	93,678,600	94,269,500
Year-End Fund Balance	3,758,000	3,769,000
Research Based Reading Instruction and Reading Instruction Training (EDA2413/Laws 2002, Chapter 295)	Non-Appropriated	
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: Pays for teacher training in methods of reading instruction, pursuant to A.R.S. § 15-704. Expenditures are not displayed to avoid double counting of General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Scholarships for Pupils With Disabilities Program Fund (EDA2534/A.R.S. § 15-891.04)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. Due to a court decision, the Legislature no longer provides funding for this program.		
Purpose of Fund: To provide disabled pupils with scholarships to attend the public or non-public school of their choice. Expenditures are not displayed to avoid double counting of General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
School Improvement Revenue Bond Debt Service Fund (SFA5020/A.R.S. § 15-2084)		Appropriated
Source of Revenue: Revenues from 0.6% increase in the state Transaction Privilege Tax, as approved under Proposition 301 in the 2000 General Election.		
Purpose of Fund: To pay the debt service on \$832,865,000 in Proposition 301 revenue bonds and \$20,000,000 in Qualified Zone Academy Bond (QZAB) revenue bonds (<i>see School Facilities Board budget pages</i>). For FY 2007, the fund also provided \$1,865,400 to Hayden-Winkelman Unified to repay existing bonds (the district was required to repay that amount with interest over a 3-year period starting in FY 2008).		
Funds Expended	0	0
Year-End Fund Balance	0	0
Special Education Fund (EDA1009/A.R.S. § 15-1182)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund.		
Purpose of Fund: To provide voucher funding for students attending the ASDB pursuant to A.R.S. § 15-1182 or who are placed in a private special education facility pursuant to A.R.S. § 15-1202. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	3,038,900	2,461,000
Statewide Compensatory Instruction Fund (EDA2528/A.R.S. § 15-756.11)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To supplement existing instruction for English Language Learners. Supplemental instruction may include individual or small group instruction, extended day classes, summer school or intersession school. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	6,500	6,500
Structured English Immersion Fund (EDA2535/A.R.S. § 15-756.04)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund.		
Purpose of Fund: To fund additional instructional costs of English Language Learners. Expenditures are not displayed to avoid double counting General Fund.		
Funds Expended	0	0
Year-End Fund Balance	11,901,400	7,901,400
Teacher Certification Fund (EDA2399/A.R.S. § 15-531)		Appropriated
Source of Revenue: Fees collected by the State Board of Education from teachers and other school personnel who apply for professional certification.		
Purpose of Fund: To provide monies for operation of the department's Teacher Certification program.		
Funds Expended	2,300,700	2,283,800
Year-End Fund Balance	48,300	0

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Temporary Transaction Privilege and Use Tax - 1% Fund (EDA1032/Article IX, Section 12.1 of State Constitution)		Non-Appropriated
Source of Revenue: Temporary 3-year 1-cent sales and use tax authorized by voters during the May 2010 special election. The tax expires after May 31, 2013.		
Purpose of Fund: To provide funding for primary and secondary education, health and human services and public safety. Expenditures are not displayed to avoid double counting General Fund. (For FY 2011, the General Accounting Office reported as of August 2011 that the Department of Education received \$576,697,200 and that the Department of Corrections, Arizona Health Care Cost Containment System (AHCCCS), Department of Economic Security, and Department of Health Services each received \$72,087,200.)		
Funds Expended	0	0
Year-End Fund Balance	0	0
Youth Farm Loan Fund (EDA2136/A.R.S. § 15-1172)		Non-Appropriated
Source of Revenue: The investment of trust funds held by the United States as trustee for the Arizona Rural Rehabilitation Corporation.		
Purpose of Fund: To furnish financial assistance to deserving young persons, under 25 years of age, who are students or former students of vocational education or to young farmers in organized vocational agriculture classes who are interested in becoming established in farming. The financial assistance is provided as guaranteed loans for those who cannot obtain financing elsewhere.		
Funds Expended	95,000	100,000
Year-End Fund Balance	339,800	242,400

*As reported by the agency. Actual ending balances will not be negative.